

## MKM227 Postgraduate Dissertation

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**[The relationship between customer satisfaction and brand loyalty in the fast food industry of United Kingdom]**

A dissertation submitted in partial fulfilment of the requirements of the Royal Docks Business School, University of East London for the degree of

**[MSc International Business Management]**

**[May 2013]**

**[13, 441]**

I declare that no material contained in the thesis has been used in any other submission for an academic award

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**DISSERTATION**

**“THE RELATIONSHIP BETWEEN CUSTOMER SATISFACTION AND BRAND LOYALTY  
IN THE FAST-FOOD INDUSTRY IN UNITED KINGDOM”**

## ABSTRACT

This research is focused on identifying the relationship between customer satisfaction and brand loyalty in the fast food industry. The researcher has considered the case study of the United Kingdom fast food industry in order to undertake this research. There are numerous studies which show that increased customer satisfaction results in improved loyalty of the customers with the brand. The customers which are satisfied with the products and services of the company are not price sensitive and they also don't easily get attracted towards the competitor's offerings. The satisfied customers always show significant interest in buying additional products which are offered by the organization and it also help a countless transaction in order to ensure the success of the newly launched brands of the firm in the long run. The customer satisfaction leads to brand loyalty which impacts the profitability of the organizational positively. The business firms which are successful in retaining more than 5% of its customers can easily increase their profitability by 25% to 125%. In the modern world, customer satisfaction is the most important requirements for the businesses and without satisfied and happy customers, there is no guarantee of organizational survival, therefore, it is essential for the firms to modify their business strategies in order to make their target customers happy. The most important consideration is that customer satisfaction results in brand loyalty which will create a broad impact on the overall business results for the organization. One of the major tasks nowadays for the organizations operating

in the restaurant and service industries is to provide and maintain the satisfaction of their customers and ensure their brand loyalty.

For this particular study, both primary and secondary data sources have been considered in order to gather the data for research analysis purpose. The primary data has been collected through the questionnaire survey method. The researcher has conducted the survey with the customers of five fast-food restaurants in order to identify the relationship between customer satisfaction and customer loyalty. The fast food restaurants which are selected by the researcher in order to gather the data from the participants include Pizza Hut, KFC, Mc Donald's, Burger King and Dominos. The researcher has dispersed the questionnaires to the customers who were visiting the fast food restaurants for din-in and take away purposes. The information provided by the respondents of the survey has not only helped the investigator to identify the satisfaction of the customers about the products and services which are offered by the fast food restaurants but it also allows him to collect the first hand information essential to generate the study outcomes which are close to reality. The secondary data has been collected through the academic journals, books and articles which have been written on the topic of customer satisfaction and brand loyalty. The study outcome shows that significant percentages of the people living within the United Kingdom are visiting the outlets of the fast food restaurants on frequent basis. The research findings show that if the customers

are satisfied with the existing brands of fast food companies then they are very less likely to get attracted towards the other brands. The main findings of the research reflect that brand loyalty generates significant benefits aimed at the firms functioning in the era of the increasing competition.

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## CHAPTER ONE: INTRODUCTION

This research is focused on identifying and analyzing the relationship between customer satisfaction and brand loyalty in the UK fast food industry. There are numerous studies which have identified the direct relationship between customer satisfaction and brand loyalty and these studies shows that increased customer satisfaction results in improved loyalty of the customers with the brand (Anderson, Fornell and Lehmann, 1994). From the last once decade, ensuring the satisfaction of the customers is one of the main objective for the companies because it affect the client retention and market share of the organizations in a significant manner (Anderson and Mittal, 2000). Research shows that the customers which are satisfied with the products and services of the company are not price sensitive and they don't easily get attracted towards the competitor's offerings (Chi and Qu, 2008). The satisfied customers also show significant interest in buying additional products which are offered by the organization which help a great deal in order to ensure the success of the newly launched brands of the firm in the long run (Faullant, Matzler and Fuller, 2008). Atkinson (1988) argued in his research and tried to identify that whether customer satisfaction is enough in making the customers loyal with the brand especially when the customers are having so many available choices? According to Chen and Hitt (2002), in order to enhance the loyalty of the customers in the longer run, the modern world organizations are required to take several



measures and only satisfying the customers does not seem enough to build the loyalty of the clients. Therefore, the organizations are required to carefully analyze all those factors which can create an impact on the brand loyalty of the customers. The organizational strategies to build client loyalty need to be formulated and implemented after analyzing these factors because it guarantees the success of these strategies (Gonzalez, Comesana and Brea, 2007).

Dimitriadis (2006) has discussed in his literature review that customer satisfaction leads to brand loyalty which impacts the profitability of the organization positively. Research shows that the organizations which are able to retain more than 5% of its customers, they can increase their profitability by 25% to 125% (Kandampully and Suhartanto, 2000). The impact of brand loyalty on the business profitability has increased the importance of client loyalty and it requires the organization to take serious steps in order to ensure the loyalty of the customers (Mumel and Snoj, 2007). In the present world, the marketers are interested in identifying that how they can build the customer loyalty and sustain it for a longer period of time (Lee and Feick, 2001). An important consideration is that building client loyalty is not enough in order to ensure business survival in the long run, it is equally important to maintain the loyalty of the customers. Research shows that customer loyalty can only be built with the help of delivering high quality products and services to the customers on

consistent basis (Parasuraman and Grewal, 2000). The organizations are also required to make changes in their existing product portfolio considering the changing needs and requirements of the customers (Reichheld, Markey and Hopton, 2000). The necessary adjustments in the organizational offerings are very crucial because it enable them to cater the customers who are demonstrating complex behaviors and demanding different varieties of products (Sirdeshmukh, Singh and Sabol, 2002). The role of the organizational research and development department is also very important in this regard because it is responsible for developing the innovative products and services which can be offered to the customers in order to enhance their satisfaction and brand loyalty (Szymanski and Henard, 2001). The general perceptions of the people about the organizational products are also important because they create an impact on their loyalty and helpful in generating the repeat purchase behavior (Wang and Zhao, 2007). Therefore, it is essential for the firms to take strong measures in order to improve their market image and develop positive perceptions in the minds of the target customers (Snoj and Mumel, 2002).

## **1.1 STUDY BACKGROUND**

In the present world, customer satisfaction is one the key areas of concern for the organizations which are operating in the business environments where customer preferences and requirements are changing on a very frequent basis (Anderson, Fornell and Lehmann, 1994). As a result, the organizations are

required to modify their existing business strategies in order to meet the customer's requirements and ensure their satisfaction (Chi and Qu, 2008). The modifications in the organizational business strategies can be done after conducting necessary research regarding the customer preferences and their demands which would be helpful in meeting the client's requirements in the best possible manner and enhancing their loyalty with the firm (Faillant, Matzler and Fuller, 2008). This will be also helpful for the organizations to utilize their resources in an effective manner and develop the products which results in 100% satisfaction and improved level of loyalty of their clients (Gonzalez, Comesana and Brea, 2007). Atkinson (1988) argued that why it is important for the organizations to modify their business strategies just to ensure the satisfaction and loyalty of the customers? He further argued that formulation and implementation of the business strategies involves time and financial resources and is it appropriate to modify the organizational strategies only for the purpose of making the customers happy and loyal with the organizational products?

According to Kandampully and Suhartanto (2000), customer satisfaction is the most important requirements for the businesses and without satisfied and happy customers, there is no guarantee of organizational survival, therefore, it is essential for the firms to modify their business strategies in order to make their target customers happy. The most important consideration is that

customer satisfaction results in brand loyalty of the customers which will create a broad impact on the overall business results for the organization. Dimitriades (2006) mentioned in his literature review that modifying business strategies is a very tiny thing considering the importance of customer satisfaction and brand loyalty in the present world, if the organizations are even required to change their business processes and systems in order to ensure client satisfaction and make them happy then it is not big deal because it will pay back the organization in the long run. An important consideration is that this research is focused on identifying the link between client satisfaction and brand loyalty in the fast food industry and it is a fact that in the restaurant industry of the UK, the customers are having so many choices because there are many organizations which are operating in this industry and serving quality fast food related items and offering value able services to their customers (Kandampully and Suhartanto, 2000). Therefore, it is essential for the organizations associated with the fast food industry to develop sound business strategies which could be helpful in enhancing their customer's satisfaction level and brand loyalty because it leads to higher business profitability (Gonzalez, Comesana and Brea, 2007).

## 1.2 RESEARCH QUESTIONS

The main questions of this research are as below:

- What is the relationship between customer satisfaction and brand loyalty?
- Why it is essential for the organizations operating in the fast food industry to ensure the satisfaction and loyalty of their target customers?
- How customer satisfaction enables the fast food organization to achieve brand loyalty of the customers in the long run?

## 1.3 RESEARCH OBJECTIVES

- To identify the critical factors of customer loyalty in the fast-food industry.
- To evaluate that why customer satisfaction and brand image are important factors for the fast-food companies and how they can create an impact on the brand loyalty.
- To assess that how increased level of client satisfaction will lead to higher brand loyalty.

## 1.5 RESEARCH RATIONALE

The rationale behind the selection of this particular research topic is that customer satisfaction and their loyalty are the most discussed phenomenon in the present world. Nearly, all the organizations are interested in identifying that how they can ensure the loyalty and satisfaction of their customers (Walter, Thilo and Helfert, 2002). The brand loyalty help to generate repeat purchases for the organizations and customer brand loyalty is the result of customer satisfaction. However, it is important to identify that how customer satisfaction can lead to brand loyalty? Therefore, this research which is focused on identifying the relationship between client satisfaction and brand loyalty will be helpful for the companies to build the client loyalty by satisfying their target customers (Yang, Peterson and Cai, 2003). An important reason behind selection of this particular research topic is that customer satisfaction and their brand loyalty both creates a significant impact on the business profitability, therefore, the link between both these aspects could help the companies to identify that how organizational profitability can be enhanced by improving the satisfaction level of the clients and enhancing their loyalty. The concepts of customer satisfaction and brand loyalty are very crucial considering the business operations of the fast food companies. Therefore, this research will also provide value able information to the organizations which are operating in the fast food industry and it can be used by the companies in order to improve their business results. An important consideration is that because there are

limited researches which are focused on identifying the link between customer satisfaction and brand loyalty in the fast food industry which also increases the importance of this study.

## **1.6 SUMMARY & CONCLUSION**

The first chapter of the dissertation is focused on providing the introduction about the research topic. The topic which is selected by the researcher is “The relationship between customer satisfaction and brand loyalty in the fast food industry of the UK”. The importance of customer satisfaction and brand loyalty has been highlighted in this chapter. The research background also has been provided in the first chapter of this research which shows that customer satisfaction is always important for the firms but its impact on the brand loyalty in the present world has certainly increased its importance. The research objectives and main questions of the study are also discussed in this chapter. The researcher has also provided the rationale behind selecting this particular research topic which also helps to highlight that why is essential for the firms to implement sound strategies in order to increase the satisfaction of their customers and building their loyalty with the organizational brands.

## CHAPTER NO.2: LITERATURE REVIEW

### 2.1 INTRODUCTION

Research shows that one of the biggest challenges nowadays for the organizations operating in the restaurant and service industries is to provide and maintain the satisfaction of their customers and ensure their brand loyalty (Mumel and Snoj, 2007). There are many researchers and scholars who believe that without providing satisfaction to the customers and ensuring their loyalty, the restaurant based business organizations cannot survive in the competitive business world. According to Oh (1999), the reason why customer satisfaction is an important concern for the modern organizations because it affects the loyalty level of the customers in a significant manner. In the present corporate world, it is the main target of every firm to ensure their customers loyalty; therefore, the management of the organization is giving particular importance in order to provide maximum satisfaction to their customers (Snoj and Mumel, 2002). The data for this literature review has been generated through academic articles, academic journals and books which are focused on highlighting the importance of customer satisfaction and discuss its impact on the business loyalty. The research will try to identify with the help of existing published literature that why client satisfaction and brand loyalty is essential for the companies operating in the changing business and highly competitive environments.



## 2.2 CONCEPT OF CUSTOMER SATISFACTION

In this section of the literature review chapter, the concept of customer satisfaction has been discussed in a detail manner. Customer satisfaction is one of the most popular topics in marketing in the present world because it affects the business results both in positive and negative manner (Gonzalez, Comesana and Brea, 2007). Customer satisfaction has been defined as evaluative judgments of the customers regarding the organizational products and services after their consumption (Faullant, Matzler and Fuller, 2008). According to Snoj (2007), customer satisfaction reflects the judgments of the customers which are usually based on the pre-purchase expectations and after consumption experience. In the modern dynamic business environments, the organizations are giving more attention to customer relationships and customer satisfaction related aspects of the business (Zeithaml and Bitner, 2003). The reason behind this is relationships with the customers enable the organizations to identify their changing requirements and address their queries and complaints and improve their offerings which will help them to ensure the satisfaction of the customers in the long run (Zeithaml, Parasuraman and Malhotra, 2002). Dimitriadis (2006) believes that in the highly competitive business world, the organizations are required to differentiate themselves from their competitors and customer satisfaction is an effective method of creating and maintaining the differentiation. Stevens (1995) argues that why it is important for the modern firms to care about customer satisfaction? According to Lewis and

Shoemaker (1997), the customer lifetime values, the cost of acquisition and impact of customer satisfaction on the business profitability are some of the factors which requires the firms to take the customer satisfaction aspect of the business very seriously.

The lifetime value of the customers is an important consideration which also enhances the importance of customer satisfaction (Szymanski and Henard, 2001). The most value able clients for the organizations are not the one who are making the big purchases but organizations nowadays are giving more value to those customers who come back to the firm again and again in order to make repeat purchases (Wang and Zhao, 2007). Therefore, those customers that can purchase the products of the organization for their lifetime are more value able for the firms nowadays (Walter, Thilo and Helfert, 2002). The cost of acquisition of the new customers is also an important factor which requires the firms to increase the satisfaction level of their customers because the investments which are made in order to acquire the new customers are higher than the cost which could be spent in order to ensure the satisfaction of the existing clients (Yang, Peterson and Cai, 2003). According to Dimitriades (2006), it is not sufficient for the present world business corporations to implement the strategies to enhance the customer satisfaction instead they have to monitor the satisfaction of the clients on regular basis. An effective complaint management system could be very helpful in measuring the

satisfaction of the clients on regular basis because it could help to measure that what are the issues which are faced by the customers with the organizational products and services which are affecting their satisfaction level (Zeithaml and Bitner, 2003). The organizations can also implement strategies in order to resolve these issues essential to enhance the client satisfaction (Zeithaml, Parasuraman and Malhotra, 2002). This is one of the reasons that Customer Satisfaction Measurement Programs are implemented by the successful organizations nowadays because it help them to measure the satisfaction level of the customers on regular basis (Kim, Han and Lee, 2001). The Customer Satisfaction Measurement Programs also shows the commitment of the organization to the customer services which directly impacts the satisfaction level of the clients (Lewis and Shoemaker, 1997).

## **2.3 CONCEPT OF CUSTOMER LOYALTY**

Customer loyalty is defined as a repeat purchase behavior of the customers due to their favorable attitudes towards the organizational products and services (Ness, Gorton and Kuznesof, 2002). According to Davidow (2003), loyalty is considered as a commitment of the customers to re buy the products and services of the organization consistently in the future and do not consider the offerings of the competitors. The loyal customers always return to purchase the products and services of the organization and they also patronize the firm through referrals and recommendations (Sudhahar, Israel and Selvam, 2006).

Considering the increasing importance of customer loyalty in the present corporate world, the organizations are interested in identifying that how long term loyalty of the clients can be ensured because it generates continuous flow of revenues for the firms (Lee, Hsiao and Yang, 2010). According to Lee and Lambert (2000), the organizations nowadays are trying to enhance the loyalty of the customers through various customer retention and relationship marketing programs. There are huge investments which are made by the companies in order to implement the retention programs and relationship marketing strategies (Cater and Cater, 2009). Dimitriades (2006) argued that nowadays organizations are operating in the era of scarce resources and it is not justified that to allocate budgets in order to develop and implement the customer retention strategies. According to Han and Lee (2001), organizational investments on ensuring customer retention and building customer loyalty provide many advantages to the firms. The customer loyalty results in continuous stream of business profits for the organization, reduction in the marketing and advertising budgets, growth in the business revenues due to increased referrals and switching barriers for the loyal clients (Johns and Howard, 1998).

Susskind (2002) mentioned in his research that loyalty is a function of customer satisfaction and only true loyal clients are the satisfied customers in the long run. The importance of client loyalty can be understood from the fact that the

customers which are loyal with the company's brands always contribute significantly to the organizational profitability because they are ready to spend more on the company's offerings through repeat purchasing (Kivela, Inbakaran and Reece, 2000). The loyal customers also recommend the organizational products to the other people that provide an opportunity to the organization to serve the potential customers (Lee and Lambert, 2000). The cost of attracting and acquiring the new customers is far high as compare to the costs which is spent in order to keep the existing customers loyal which also justifies the investments which are made by the companies in order to implement the customer loyalty and retention programs (Ness, Gorton and Kuznesof, 2002). There are different types of mechanisms which are used by the modern world organizations in order to enhance their focus on the loyal customers because it results in improved business revenues (Davis-sramek, Mentzer and Sank, 2008). If the example of restaurant based organizations are considered then it is stated that there are many companies operating in the restaurant industry which are maintaining the databases of the customers who are visiting their restaurants on frequent basis (Sudhahar, Israel and Selvam, 2006). The databases contain the complete details of the customers and these details are used in order to maintain regular contact with the client through the telemarketing campaigns and direct email marketing strategies (Lee, Hsiao and Yang, 2010). The information regarding the latest offerings of the organization can also be sent to the customers through this method (Yuksel and Yuksel, 2002). This will create a positive impact on the loyalty level of the customers

and it is helpful in creating strong bonding between the customers and the organizations (Ranaweera and Prabhu, 2003).

## **2.4 RELATIONSHIP BETWEEN CUSTOMER SATISFACTION AND LOYALTY**

Over the past few decades, customer satisfaction and loyalty has become an important area of research for both academic researchers and practitioners (Kandampully and Suhartanto, 2000). The main reason behind this is that organizations have started realizing that customer satisfaction creates a strong impact on the consumer loyalty and ultimate business performance (Snoj and Mumel, 2002). The empirical researches have also identified a positive link between customer satisfaction and loyalty (Zeithaml and Bitner, 2003). According to Chi and Qu (2008), increasing the brand loyalty is one of the main aims of every business organizations and customer satisfaction is one of those important factors which impact the brand loyalty in a positive manner. Therefore, customer satisfaction should be the basis of the organizational business strategies. Zhao (2007) believes that those business strategies are more likely to be successful and generate positive results for the businesses which are focused on enhancing the satisfaction level of the customers with the company's products and other offerings. Dimitriadis (2006) believes that the satisfied and loyal customers are the main source of business revenues for the companies because satisfied clients are more likely to visit the outlets of the company again and again for repeat purchases and they also spread positive

word of mouth about the organization which will be helpful in targeting the potential customers effectively. This shows that organizations can easily increase their customer's base by ensuring satisfaction of the existing customers with the company's products and services (Faullant, Matzler and Fuller, 2008).

The modern world researchers are raising many questions about the relationship between customer satisfaction and brand loyalty (Cater and Cater, 2009). There are many researchers who believe that it is not necessary that higher level of consumer satisfaction can also results in brand loyalty and repeat purchases for the organization (Davis-sramek, Mentzer and Sank, 2008). A recent study reveals that only 40% of the satisfied customers are likely to do the repeat purchases of the organizational brands which mean that the organizations cannot only emphasize on the satisfied customers (Lee, Hsiao and Yang, 2010). They are required to formulate and implement effective strategies in order to ensure that the customers will remain loyal with the brand and it is also important to introduce those programs which could be helpful in increasing their loyalty (Anderson and Mittal, 2000). This is particularly important in the present world when the client requirements are changing on frequent basis and it is not essential that the customers that were satisfied with the organizational products previously will remain loyal in the long run (Anderson, Fornell and Lehmann, 1994). Therefore, the organizations needs to

conduct the market research activities on regular basis in order to identify that what are requirements of the customers and which organizational offerings could results in increased satisfaction and loyalty of the customers (Chen and Hitt, 2002). The competitor's products and services also need to be evaluated because it helps to identify that what competitors are offering to the customers (Chi and Qu, 2008). The information regarding the competitor's products is very crucial because when the customers have more options to choose which makes it very difficult for the organizations to make them loyal with any specific brand (Gonzalez, Comesana and Brea, 2007). The customer satisfaction and loyalty also differs from a product to product because incase of those products in which customers don't have any choice, they prefer to remain loyal and come back for repeat purchases (Faillant, Matzler and Fuller, 2008).

## **2.5 CUSTOMER SATISFACTION IN FAST FOOD INDUSTRY**

In this section of the chapter, the importance of customer satisfaction for the fast food industry has been highlighted. Research shows that customer satisfaction is important for all the companies which are operating in different industries but it is one of the most important considerations for the organizations which are operating in the fast food industry (Anderson, Fornell and Lehmann, 1994). The primary task for the fast food companies which are operating in the modern world is to create client satisfaction because there are many studies which have proved that if the customers of the fast companies are



satisfied then their profitability is more likely to be increased (Anderson and Mittal, 2000). According to Atkinson (1988), the increasing awareness among the customers regarding different available alternatives and intense market competition requires the fast food organizations to take serious steps in order to ensure client satisfaction. The customer satisfaction is also important because it significantly affects the consumer buying behavior (Chen and Hitt, 2002). In order to ensure the customer satisfaction, it is essential for the fast food companies to ensure that the customer perceives that the price they are paying against the product and services is less than the value they are getting against those products (Faullant, Matzler and Fuller, 2008). If the fast food companies can meet the expectations of their customers and the customers are having better experiences during their visits to the restaurants of the organization then their satisfaction is more likely to increase (Gonzalez, Comesana and Brea, 2007). It is fact that it is practically not possible to ensure the 100% satisfaction of the all the customers which are visiting the restaurants of the fast food companies for din-in and take away purpose (Lee and Feick, 2001). However, the organizations can formulate and implement different types of effective strategies in order to that the customers are leaving the restaurants with a pleasant experience (Kandampully and Suhartanto, 2000).

Dimitriades (2006) argued in his literature review that what is the most important benefit which fast food organizations can attain by ensuring the

customer satisfaction? According to Mumel and Snoj (2007), the strategies which are formulated by the companies operating in the fast food industry in order to enhance customer satisfaction helps to ensure that the customers will return back to restaurant despite of the fact that there are several options available to them. The organizations can also influence their buying decisions by enhancing their satisfaction level because when the customers are satisfied with the organization then it is relatively easy for the strategy makers of the firm to successfully influence their decisions. In order to ensure client satisfaction, the fast food organizations needs to focus on the quality and it includes both product quality and service quality (Parasuraman and Grewal, 2000). There are some researchers who believe that restaurant based companies need to focus more on the product quality because the customers are visiting the restaurants for the purpose of eating the food (Reichheld, Markey and Hopton, 2000). However, it is a fact that service quality is equally important because there are many cases which shows that the restaurant based organizations are selling more or less similar products to their target customers, therefore, it is essential for them to provide high quality services to the customers because this is the only method through which they can differentiate themselves from the competition (Sirdeshmukh, Singh and Sabol, 2002). This could also be helpful in achieving the competitive advantage which is an important requirement in the era of intense competition. The use of latest technology can also be very helpful for the fast food companies to ensure the client satisfaction because the latest and technological based production

equipments enable the management of the restaurants to improve the speed of service which results in high level of client satisfaction (Snoj and Mumel, 2002). The reason why customer satisfaction needs to be ensured because in the fast food industry of the UK, the market entry barriers are low and the companies with required investments can easily enter the industry which increases the competition within the industry and affect the market share (Szymanski and Henard, 2001).

## **2.6 CUSTOMER LOYALTY IN FAST FOOD INDUSTRY**

This section of the literature review chapter is focused on identifying that how high level of customer loyalty can affect the business activities of the companies which are operating in the fast food industry. In the present world, the economy of the United Kingdom is growing at a significant pace and the purchasing power and living standard of the people living within the country is also growing (Gonzalez, Comesana and Brea, 2007). As a result, the citizens of the UK are allocating large amounts for their household expenditures and food budgets (Kandampully and Suhartanto, 2000). The busy routine of the UK people have also increased the popularity of take away food. This has increased the importance of the fast food sector which is serving pizzas, sandwiches, hamburgers and chicken to the customers (Mumel and Snoj, 2007). The detailed analysis of the fast food industry of the UK shows that global fast food industry is at the growing stage at the present moment (Parasuraman and

Grewal, 2000). Research shows that overall demand of the fast food related items is continuously increasing all over the world as it is convenient for most of the customers and it also suits their life styles (Reichheld, Markey and Hopton, 2000). The changes in the lifestyles of the majority of the people in the UK over the last one decade and the trend of eating out especially in the fast food restaurants also has been increased (Sirdeshmukh, Singh and Sabol, 2002).

The heavy promotional activities used by the fast food organizations, increasing exposure of the customers and use of latest technology in order to attract the consumers and the availability of wide variety of choices have increased the businesses of fast food companies (Szymanski and Henard, 2001). This has increased the importance for the fast food companies to implement innovative strategies in order to adjust with the changing market trends and focus on the needs and demands of the existing and potential clients (Walter, Thilo and Helfert, 2002). Therefore, the fast food companies are required to influence the customer loyalty and adopt those strategies which could be helpful in building the loyalty of the customers (Wang and Zhao, 2007). If the fast food industry of the UK is considered then it is stated that there are number of well known brands which are operating in the UK market and every organization is implementing different types of strategies in order to influence their loyal level and affect their buying behaviors (Yang, Peterson and Cai, 2003). The purpose

is to build and maintain the loyalty of the customers and to ensure that they keep on visiting the outlets of the fast food companies (Zeithaml and Bitner, 2003). At the present moment, the rivalry in the fast food industry of the UK is getting intense as more number of companies is entering the fast food sector of United Kingdom (Zeithaml, Parasuraman and Malhotra, 2002).

There are numerous multinational fast food chains and the UK based local fast food companies which are operating in the United Kingdom market and offering wide variety of products to the customers (Lewis and Shoemaker, 1997). Therefore, the customers have more number of choices than they ever had before. In order to maintain the market share and ensure the steady business growth, the fast food companies need to increase the loyalty of their target customers (Kim, Han and Lee, 2001). It is an urgent need for the fast food companies to identify the factors which can influence the consumer loyalty and results in desired buying behavior (Lee and Lambert, 2000). Research shows that there are number of factors which can be helpful for the fast food companies to influence the consumer buying behaviour (Ness, Gorton and Kuznesof, 2002). The service quality is one of the factors through which the fast food organizations can enhance the loyalty of the customer because high quality services provided by the customer services representatives of the restaurant are helpful in ensuring the satisfaction of the clients (Lee, Hsiao and Yang, 2010). Therefore, the fast food companies are spending significantly on

the training and development of the employees so that they can provide effective services to the customers in order to enhance their loyalty (Sudhahar, Israel and Selvam, 2006).

## **2.7 SUMMARY & CONCLUSION**

In the second chapter of the dissertation, the literature review analysis has been presented. The researcher has reviewed different literatures which have been written on the topics of customer satisfaction and brand loyalty in order to undertake this chapter. The researcher has first explained the concept of customer satisfaction and has discussed its importance in the present world. The discussion shows that customer satisfaction is one of the most popular topics in marketing in the present business era because it affects the business results of the organization both in the positive and negative manner. Customer satisfaction also has been defined as evaluative judgments of the customers regarding the organizational products and services after their consumption. The importance of evaluating and measuring the satisfaction of the customers also has been highlighted in this chapter of the dissertation. The discussions made in the above section of the literature review chapter shows that customer satisfaction measurement programs can be used in order to enhance and continuously measure the satisfaction of the clients. The companies can also prioritize the improvements which need to be made in the existing products and services after identifying that what the key drivers of satisfaction are. The

implementation of the customer satisfaction measurement programs is also helpful in communicating a strong message to the customers that the organization is focused on identifying the problems which are faced by the customers and appropriate measures are taken in order to resolve those problems.

The researcher has also discussed the concept of client loyalty and the discussion reflects that customer loyalty is defined as a repeat purchase behaviour of the customers due to their favourable attitudes towards the organizational products and services. The discussion which have been made in above section of the chapter shows that loyalty is considered as a commitment of the customers to re buy the products and services of the organization consistently in the future and do not consider the offerings of the competitors. The relationship between customer satisfaction and brand loyalty also has been identified and the analysis of different literature shows that there is a direct link between client satisfaction and brand loyalty. The customer satisfaction creates a strong impact on the consumer loyalty and ultimate business performance. The importance of customer loyalty for the fast food companies also has been discussed in this chapter of the dissertation. The discussion reflects that rivalry in the fast food industry of the UK is getting intense as more number of companies is entering the fast food sector of United Kingdom. Therefore, the customers have more number of choices then they ever had before. The fast

food companies need to increase the loyalty of their customers which is also essential in order to ensure the steady business growth and market share. The discussions regarding the impact of customer satisfaction on the performance of the fast food organizations shows that client satisfaction is more likely to create a significant impact on the corporate business profits of the fast food organizations. Therefore, it is an important consideration for the organizations which are operating in the fast food industry and it is essential for companies operating in this industry to ensure that they are taking appropriate measures in order to enhance the satisfaction of their target customers.



## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 INTRODUCTION**

The research methodology refers to the techniques, ways or methods which can be used in order to undertake any research (Bryman and Bell, 2011). According to Bell (2005), research methodology provides guidelines to solve any specific research problem and achieve the objectives of the study. Research methodology plays the most important role in the research because the successful completion of the research also depends on the methods which are adopted by the researcher (Collis and Hussey, 2003). Lancaster (2005) believes that research methodology is a method of understanding that how research can be done in a scientific way and it also helps to systematically resolve any particular research issue. It is very important for the researchers to have proper understanding of the research methods and techniques because it enable them to select the most appropriate method which is essential in order to conclude the research in an effective manner (Gill and Johnson, 2010). The proposed methodology for this research is quantitative.

### **3.2 RESEARCH APPROACH**

There are different types of approaches which can be used by the researchers in order to conduct the research (Bryman and Bell, 2011). These approaches include quantitative approach to research, qualitative approach to research,

pragmatic research approach and participatory approach to research (Collis and Hussey, 2003). The researchers can select any approach considering the study objectives and the main targets of the research (Gill and Johnson, 2010). The quantitative approach to research is associated with positivist paradigm (Smith Lowe and Thorpe, 2002). While using the quantitative research approach, the researchers are collecting and converting the research information into numbers with an intention to do the statistical calculations and generate the research results. In order draw the conclusions while using the quantitative research, it is important to have more than one hypothesis (Saunders, Lewis and Thornhill, 2009). The data is collected by using different methods and procedures and statistical analysis is conducted by the researchers which is also helpful in identifying the relationships between two and more variables (Scheyvens and Donovan, 2003).

The qualitative approach to research is also commonly used by the researchers all over the world and it is linked with constructivist paradigm (Wilkinson and Birmingham, 2003). This approach of research is usually considered by the information seekers who are conducting the research on any social problem (Yin, 2003). The qualitative research approach helps to get deeper understanding of the research problem and the human behaviours, beliefs, and experiences can also be analyzed with the help of this research approach (Bryman and Bell, 2011). While using this research approach, the researchers do

not base their entire study on pre-determined hypothesis. However, they are focused on identifying the solution of the research problem which is guided by different theoretical aspects (Collis and Hussey, 2003). The in depth interviews, observation and focus groups are the most commonly used methods of collecting the research data while undertaking the qualitative approach to research (Gill and Johnson, 2010). The data collected by using this approach of research is usually very huge and it is time consuming to interpret that data but it also allows greater flexibility as compare to quantitative research (Smith Lowe and Thorpe, 2002).

The pragmatic approach to research is linked with both quantitative and qualitative research approaches (Silverman, 2004). The participatory research approach is adopted by the researchers who believes that the existing approaches to research do not respond to their needs and helpful for them to conduct the research effectively (Yin, 2003). The researchers can use any methods to collect the desired research data which include face to face interviews, questionnaires, focus groups and observations (Bell, 2005). The most discussed benefit of using the pragmatic approach to research is that it helps the researchers to enjoy the benefits of both qualitative and quantitative approach of research (Smith Lowe and Thorpe, 2002). For this particular research, the researcher has selected the quantitative approach to research. The

questionnaire method has been used in order to collect the data for the purpose of generating the research outcomes.

### 3.3 QUESTIONNAIRE SURVEY

The survey method of research is used in order to answer the questions of the study, identify the solutions of the research problems and to determine that whether the research objectives have been met or not (Saunders, Lewis and Thornhill, 2009). The questionnaire survey method is widely used by the researchers as a data collection tool and it helps to identify the opinions and analyze the characteristics and opinions of the large group of audiences (Smith Lowe and Thorpe, 2002). There are many advantages of using this method of data collection and one of the most discussed advantages is that it enables the researcher to collect the data from large group of audiences (Collis and Hussey, 2003). The process of data collection is less expensive and it is also not very time consuming. However, the critics of this method mentions that questionnaire survey method is not helpful in obtaining the rich data and most of the researchers are using the close ended questions while undertaking the survey method and close ended questions don't provide an opportunity to the respondents to provide necessary explanations against their responses (Gill and Johnson, 2010). Considering the specific objectives of this particular research, the questionnaire survey is the most appropriate method. Therefore, it is selected by the researcher in order to collect the data from the customers who

are visiting the fast food restaurants. The researcher has distributed the questionnaires to the customers who were visiting the fast food restaurants for din-in and take away purposes. The fast food restaurants which are selected by the researcher in order to collect the information from the participants include Pizza Hut, KFC, Mc Donald's, Burger King and Dominos.

### **3.4 DATA COLLECTION METHODS**

The data collection methods are the ways through which data is collected for research analysis purpose and to generate the specific outcomes of the study (Smith Lowe and Thorpe, 2002). Both primary and secondary data sources have been considered in order to collect the data for research analysis purpose (Saunders, Lewis and Thornhill, 2009). The primary data has been collected through the questionnaire survey method. The researcher has conducted the survey with different customers of five fast-food restaurants in order to identify the relationship between customer satisfaction and customer loyalty. The fast food restaurants which are selected by the researcher in order to collect the information from the participants include Pizza Hut, KFC, Mc Donald's, Burger King and Dominos. The researcher has distributed the questionnaires to the customers who were visiting the fast food restaurants for din-in and take away purposes. The information provided by the respondents of the survey has not

only helped the researcher to identify the satisfaction of the customers about the products and services which are offered by the fast food restaurants but it also allows him to collect the first hand information essential to generate the study outcomes which are close to reality. The secondary data has been collected through the academic journals, books and articles which have been written on the topic of customer satisfaction and brand loyalty. The researcher has considered those academic articles and journals which are focused on identifying the importance of client satisfaction and brand loyalty for the restaurant industry because it helps to provide an idea that how client satisfaction and brand loyalty can affect the business results of the fast food companies operating within the UK.

### **3.5 SAMPLE SIZE AND SAMPLING TECHNIQUES**

In order to gather the primary data, it is very important to have an appropriate sample size which not only help to collect the desired data which is essential to generate the research outcomes but it is helpful in ensuring the validity of the research results (Thomas, 1997). In this regard 100 customers was selected and contacted by the researcher in order to get the questionnaires filled. The researcher has selected the respondents of the survey through the random sampling technique (Wilkinson and Birmingham, 2003). The random sampling method is helpful in avoiding any kind of biasness in the research (Scheyvens

and Donovan, 2003). Therefore, the researcher randomly selected the respondents who were visiting the outlets of the fast food restaurants.

### **3.6 RESEARCH LIMITATIONS**

There are also few limitations of this research which are important to mention because they are helpful in understanding the factors which are affecting the ability of the researcher to conclude the research in the desired manner and achieve the already established research objectives (Saunders, Lewis and Thornhill, 2009). The main limitation of this research is that it is focused on collecting the primary data from the customers who are visiting the retail outlets of the fast food restaurants and it is usually difficult to collect any sort of information from the customers and get the questionnaires filled when they walk-in any restaurant for din-in or take away purpose. The customers are usually in hurry and they don't like any kind of interruption especially during eating. Another limitation of this research is that the investigator is the student and lack of sufficient financial resources have restricted the ability of the researcher to visit fast food restaurants in different regions and interact with different types of customers in order to get the questionnaires filled.

### **3.7 ETHICAL ISSUES**

The ethics are important in all kinds of researches because the implementation of the ethical practices is helpful in increasing the credibility of the research (Smith Lowe and Thorpe, 2002). It is the ethical responsibility of the researcher to ensure that the information collected from the participants of the research is presented as it is and biasness should be avoided while interpreting the research results (Gill and Johnson, 2010). It is also important to inform the participants of the research about the purpose of conducting the research. This is also helpful in ensuring the effective participation of the respondents in the process of collecting the data.

### **3.8 SUMMARY & CONCLUSION**

In the third chapter of the dissertation, the research methodology has been discussed. The researcher has highlighted the importance of research methods and has mentioned that why it is important to select the appropriate methods of research and how it can ensure the successful completion of the study. The different types of research approaches also have been discussed in this chapter which includes the quantitative approach to research, qualitative approach to research, pragmatic research approach and participatory approach to research. The quantitative research approach has been selected in order to undertake this particular research. The questionnaire method has been used in order to collect



the data for the purpose of generating the research outcomes. Considering the specific objectives of this particular research, the questionnaire survey is the most appropriate method. Therefore, it is selected by the researcher in order to collect the data from the customers who are visiting the fast food restaurants. The researcher has distributed the questionnaires to the customers who were visiting the fast food restaurants for din-in and take away purposes. In this regard 100 customers was selected and contacted by the researcher in order to get the questionnaires filled.

## **CHAPTER FOUR: DATA ANALYSIS & FINDINGS**

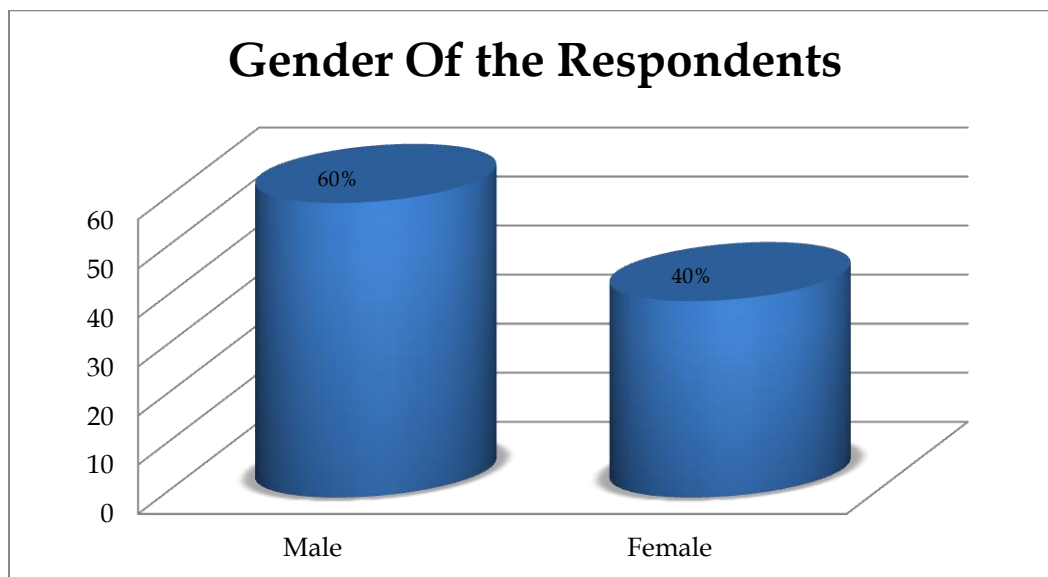
### **4.1 INTRODUCTION**

In this chapter of the dissertation, the research findings and final results of the study are presented. The researcher has conducted the analysis of the first-hand information in order to generate the main findings of the study. In order to undertake this particular study, the first-hand information has been collected through the questionnaire survey method. The researcher has conducted the survey with different customers who were visiting the fast-food restaurants in order to identify the relationship between customer satisfaction and customer loyalty.

### **4.2 ANALYSIS OF QUESTIONNAIRE SURVEY**

The fast food restaurants which are selected by the researcher in order to collect the information from the participants include Pizza Hut, KFC, McDonald's, Burger King and Dominos. The researcher has distributed the questionnaires to the customers who were visiting the fast food restaurants for din-in and take away purposes. The sample size of 100 customers was selected in order to get the questionnaires filled and obtain the responses of the individual customers. The information provided by the respondents of the survey has not only helped the researcher to identify the satisfaction of the customers about the products and services which are offered by the fast food

restaurants but it also allows him to collect the first hand information essential to generate the study outcomes which are close to reality. The information provided by the respondents of the survey is analyzed in a detailed manner by the researcher and bar charts have been used in order to present the analysis of the responses provided by the participants of the survey. Figure 1 below shows the percentage of the respondents.



**Figure# 1: Gender of the Respondents**

The first question of this survey which was conducted with the customers who were visiting the fast food restaurant is focused on identifying the percentage of male and female respondents. The researcher has tried his level best to include equal number of male and female respondents in the process of conducting the survey with an intention of considering the points of views of

both genders while generating the final outcomes of the study. The equal representation of both genders is also helpful in avoiding any kind of biased opinions in the research results which is one of the most important considerations for the researchers (Johns and Howard, 1998). The analysis of the responses given by the customers show that approximately 60% of the respondents were male and 40% of the respondents were female. The outcome of the analysis of this question of the survey shows that percentage of male respondents is slightly high. Figure 2 below shows the customer visit of the fast food restaurants.



**Figure# 2: Visits of a Fast Food Restaurant**

The second question of this survey helps to identify the frequency of the visits which are made by the respondents to the fast food restaurants. An important consideration is that the responses of the customers who are visiting the different fast food outlets on frequent basis are very important for this survey because these responses are more close to reality and can be helpful in understanding the actual situation in an effective manner (Kim, Han and Lee, 2001). Therefore, it is important to identify how much percentages of the respondents are frequently visiting the fast food restaurants. The responses against this question reflects that approximately, 57% of the customers are visiting the fast food restaurants once in a month and twice in a month, 26% of the customers are visiting the fast food restaurants once in a week, while 17% of the customers are visiting the fast food restaurants twice in a week and daily which is very surprising fact because there are usually very rare percentage of people who would like to visit the restaurants on daily basis.

This is more important in case of the fast food restaurants because it is not considered as a healthy food by many medical practitioners (Lee and Lambert, 2000). Therefore, the people nowadays are more likely to avoid the fast food related items considering its negative impacts on the human health. Research shows that in the modern world, there is an increasing awareness among the people regarding the impact of food on their health and people prefer to eat those food items which are healthy (Ness, Gorton and Kuznesof, 2002). Therefore, it is surprising to identify the percentage of the customers who are

visiting the fast food outlets on daily basis. The analysis of the responses of this question reflects that majority of the respondents of this survey prefers to visit the fast food restaurants twice in a month and once in a week. The outcome of this question shows that majority of the respondents are visiting the outlets of the fast food restaurants on frequent basis. This helps to understand the very important aspect of the United Kingdom culture. The frequent visits of the customers to the fast food outlets in the UK show the increasing popularity of the fast food products among the people living within the UK. This demands the fast food companies to formulate and implement effective strategies in order to persuade the customers and ensure their satisfaction and retention. This also help to answer the research question that why it is essential for the organizations operating in the fast food industry to ensure the satisfaction and loyalty of their target customers? Figure 3 below show the quality of the products and services of fast food companies in the UK.



**Figure# 3: Quality of the Products & Services of Fast Food Restaurants**

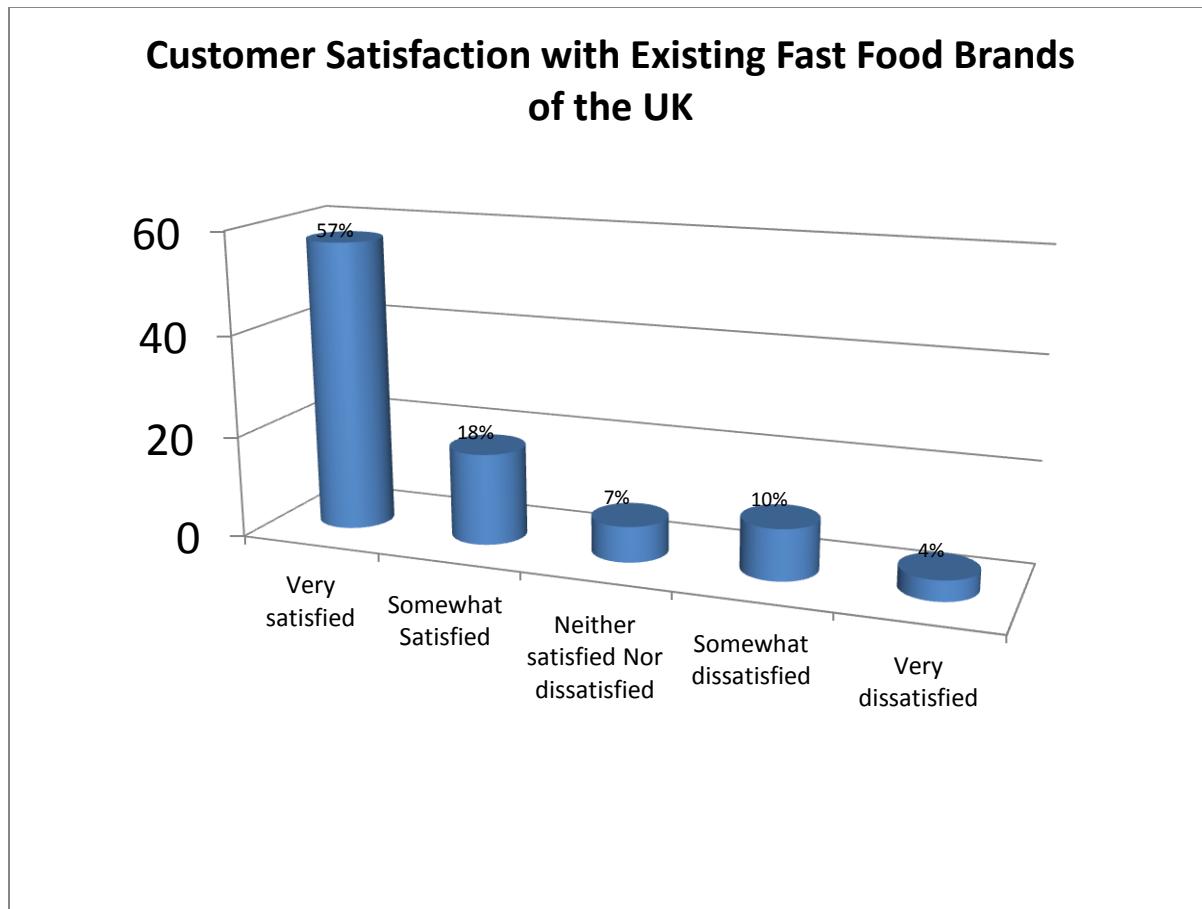
The next question of this survey is focused on identifying that whether the fast food restaurants in the UK are serving high quality products and services to the customers or not. It is a fact that the quality of the products and services offered by the fast food companies helps a great deal in order to attract the customers. Once the customers are attracted towards the fast food restaurants then effective strategies can be implemented in order to enhance their satisfaction and ensure their brand loyalty (Yuksel and Yuksel, 2002). The satisfaction of the customer with the restaurant and their loyalty with the brand is one of the most important considerations for the fast food companies

because it creates a direct impact on their overall profitability (Sudhahar, Israel and Selvam, 2006). This is one of the reasons that it is first priority of every restaurant based organization to offer high quality products and services to the customers (Cater and Cater, 2009). Research shows that delivering of high quality products and services to the customers on consistent basis can be helpful for the fast food restaurants to ensure their market success (Lee, Hsiao and Yang, 2010). According to Davidow (2003), the restaurant based companies which are offering quality fast food related items and value able services to their target market are more likely to ensure their business survival in the long run.

The analysis of the responses against this question shows that approximately 73% of the customers who are visiting the fast food restaurants are very likely and somewhat likely to consider that fast food restaurants in the UK are serving high quality products and services to their target market. 18% of the respondents who are visiting the fast food restaurant are neither likely nor unlikely to consider that fast food restaurants in the UK are serving high quality products and services to the customers and only 9% of the respondents visiting the fast food companies are very unlikely to consider that fast food restaurants in the UK are serving high quality products and services to the clients. This shows that majority of the customers who are visiting the fast food outlets on frequent basis have a perception that they are served with high quality food



related items. This is one of the reasons that the customers nowadays are more attracted towards the fast food outlets. The fast food companies are also highlighting the service quality aspect of their business in their media campaign because it creates a direct impact on the buying behavior of the customers. The quality of the food related items and the service quality are also the critical factors for the restaurant based companies because without ensuring the service quality, the organizations cannot ensure their business survival (Szymanski and Henard, 2001). This helps to achieve the research objective of identifying the critical factors of customer loyalty in the fast-food industry. This is also helpful in justifying the discussions which have been made in the literature review chapter which demonstrate that in order to attract the potential customers and retain the existing clients, it is essential for the fast food companies to serve high quality food related items to the customers. Figure 4 below show the level of customer satisfaction with existing fast food brands of the UK.



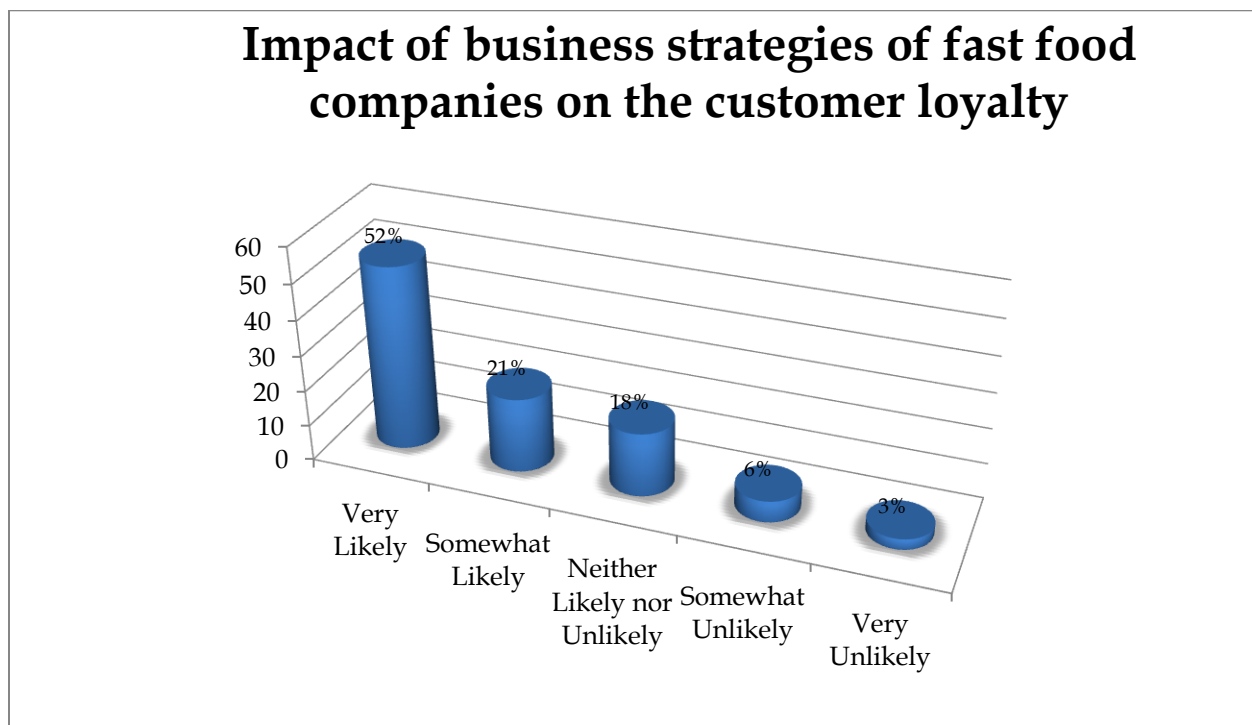
**Figure# 4: Customer Satisfaction with the Existing Fast Food Brands of the UK**

This particular question of the survey is focused on identifying the satisfaction of the customers with the existing fast food brands operating in the UK. This help to evaluate that whether the customers are happy with the offerings of the fast food companies which are already operating in the market or not (Davis–sramek, Mentzer and Sank, 2008). If the customers demonstrate their satisfaction level then it shows that they are happy with the product and service offerings of the fast food outlets operating in the United Kingdom (Wang and Zhao, 2007). Similarly, if the clients are dissatisfied then it shows that existing

offerings of the fast food brands are not effective and it is essential for the organizations to modify their product and services which is also essential for their survival (Walter, Thilo and Helfert, 2002). An important consideration is that if the customers are satisfied with the existing brands of fast food companies then they are very less likely to get attracted towards the new brands which mean that threats of new entrants are very low in the market and the existing players operating in the market are successful in ensuring the loyalty level of the customers (Yang, Peterson and Cai, 2003).

While replying against this question, approximately 75% of the customers who are visiting the fast food restaurants replied that they are very satisfied and somewhat satisfied with the existing fast food brands operating in the UK. 7% of the customers who are visiting the fast food restaurants were neither satisfied nor dissatisfied with the offerings of the existing fast food brands operating in the UK. The responses of the participants of the survey shows that there were only 14% customers who are visiting the fast food restaurants are very dissatisfied with the offerings of the existing fast food brands operating in the UK. This shows that only minor percentage of the customers believes that offerings of the fast food brands operating within the UK are not effective and valueable. The responses of the customers reflects that majority of the customers are satisfied with the existing fast food brands operating in the UK. The satisfied customers are more likely to remain loyal with the brands which

help to understand that customer satisfaction creates an impact on the loyalty of the customers. This also helps to answer the research question that what is the relationship between customer satisfaction and brand loyalty? Figure 5 below show the impact of business strategies of fast food companies on the customer loyalty.



**Figure# 5: Impact of Business Strategies of Fast Food Companies on Customers Loyalty**

The fifth question of the survey is focused on identifying whether the business related strategies formulated and implemented by the fast food companies in

the UK are helpful in making the customers loyal with the brand or not. Research shows that customer-centric strategies implemented by the management of the organization helps a great deal in order to increase their satisfaction level and ensure their loyalty with the brand (Zeithaml, Parasuraman and Malhotra, 2002). The brand loyalty generates significant benefits for the firms operating in the era of the increasing competition (Zeithaml and Bitner, 2003). Therefore, it is the first preference of the organizations to enhance the loyalty level of their customers. This is more crucial in case of the fast food organizations operating in the restaurant industry of the UK where there is intense competition and every organization is implementing best possible strategies in order to increase their client's base (Lewis and Shoemaker, 1997). The literatures written on the factors which can increase the loyalty of the customers with the brand reflects that the service quality is one of the factors through which the fast food organizations can enhance the loyalty of their target customers because high quality services provided by the customer services representatives of the restaurant are helpful in ensuring the satisfaction of the clients (Chi and Qu, 2008). This shows that the leadership of the fast food companies can increase the loyalty of the customers by implement effective service related strategies (Anderson, Fornell and Lehmann, 1994).

While replying to this question, 73% of the customers mentioned in the questionnaire that they are very likely and somewhat to consider that business related strategies formulated and implemented by the fast food companies in the UK are helpful in making the customers loyal with the brand. 18% of the respondents replied that they are neither likely nor unlikely to consider that that business related strategies formulated and implemented by the fast food companies in the UK are helpful in making the customers loyal with the brand and only 9% of the customers who were visiting the different outlets of the fast food restaurants replied that they are very unlikely to consider that the business related strategies formulated and implemented by the fast food companies in the UK are helpful in making the customers loyal with the brand. This shows that the majority of the customers believe that the business strategies of the organizations have a great role in ensuring the loyalty of the customers. It is a fact that the customers usually don't have any idea about the business related strategies of the firms (Chi and Qu, 2008). However, the customers are more likely to appreciate those initiatives of the firms which are helpful in delivering high quality products and services to the customers (Wang and Zhao, 2007). These initiatives can also help the organizations to retain the customers and make them loyal with the brand. This also helps to achieve the research objective of identifying the critical factors of customer loyalty in the fast-food industry. Figure 6 below show the percentage level of customer satisfaction in the fast food industry.



**Figure# 6: Customer Satisfaction & Brand Loyalty**

The next question of the questionnaire survey is helpful in evaluating whether the satisfied customers of the fast food companies will remain loyal with the brand for a longer period of time or not. There are many studies which have proved that if the customers are satisfied with the products and services of the organization then they prefer to buy those products in the long run (Anderson and Mittal, 2000). This increases their loyalty with the brand and in most of the cases; the customers do not consider the alternative options which are available to them or the offerings of the other brands (Chen and Hitt, 2002). This is one of the reasons that the organizations nowadays are making significant investments in order to enhance the satisfaction of their customers because it directly impacts their loyalty which ultimately results in improved business

profitability (Chi and Qu, 2008). Research shows that the impact of customer satisfaction on the brand loyalty and business profitability is encouraging the restaurant based organizations to introduce and implement innovative systems and procedures which will enable them to offer high quality services to the clients in the long run (Zeithaml and Bitner, 2003). This results in frequent visits of the clients to the outlets of the organization which increases the business revenues of the firm (Yang, Peterson and Cai, 2003).

While replying to this question, 75% of the customers who were visiting the fast food outlets of the restaurants replied that they are very likely to consider that satisfied customers of the fast food companies will remain loyal with the brand for a longer period of time. 20% of the respondents mentioned on the questionnaire survey that they are neither likely nor unlikely to consider that satisfied customers of the fast food companies will remain loyal with the brand for a longer period of time and only 5% of the customers replied that they are very unlikely to consider that consider that satisfied customers of the fast food companies will remain loyal with the brand for a longer period of time. This shows that majority of the customers wants to loyal with a particular brand if the organization is successful in ensuring their satisfaction level. This also helps to understand that the customers can switch the brand immediately if they are not satisfied with the quality of the products and services offered by the organization. This is more important in case of a fast food industry because



in this industry, the brand switching cost is very low. This also helps to answer the research question that how customer satisfaction enables the fast food organization to achieve brand loyalty of the customers in the long run? Below figure 7 show the outcome of different factors that ensure customer satisfaction and brand loyalty.



**Figure# 7: Factors that Ensure Customer Satisfaction & Brand Loyalty**

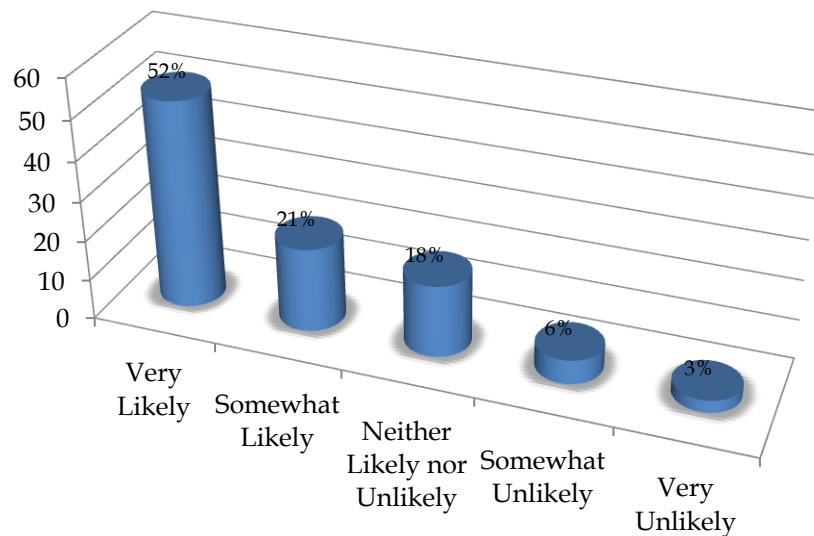
The second last question of survey helps to identify the factors which can be helpful in ensuring the satisfaction and loyalty of the customers with the fast food restaurant. Research proved that there are numerous factors which can be helpful in ensuring the client satisfaction and loyalty with the organization (Yang, Peterson and Cai, 2003). Therefore, the organizations are required to

carefully analyze all those factors which can create an impact on the satisfaction and brand loyalty of the customers (Zeithaml and Bitner, 2003). The organizational strategies to build client loyalty needs to be formulated and implemented after analyzing these factors because it guarantees the success of these strategies (Lee, Hsiao and Yang, 2010). These factors varies from an industry to industry and the analysis of these factors shows that customer lifetime values, the cost of customer acquisition and impact of customer satisfaction on the business profitability are some of the very important factors which requires careful consideration (Cater and Cater, 2009). If the analysis of the fast food industry is conducted then it can be stated that food quality, customer services and ambiance of the restaurant are some of the factors which can affect the satisfaction and loyalty of the customers (Yuksel and Yuksel, 2002). According to Davidow (2003), it is an urgent need for the fast food companies to identify the factors which can influence the consumer loyalty and results in desired buying behavior of the target market.

While replying to this question, 24% of the customers who are visiting the fast food restaurants replied that high quality food products is one of the factors that are helpful in ensuring their satisfaction and brand loyalty with the fast food restaurant. 36% of the customers replied that excellent customer services is the most important consideration for them and this is something which attract them towards a restaurant and can ensure their loyalty. There were also

19% of the customers who have stated that good ambiance offered by the management of the restaurant is helpful in ensuring their satisfaction and loyalty with the brand. Approximately 13% of the customers stated that they are more likely to visit those restaurants which are offering promotional schemes including discounts. 8% of the customers replied against this question that accessibility to the restaurant is an important factor for them and they prefer those fast food restaurants which they can be easily accessed. The replies against this question shows that majority of the customers are attracted towards the fast food restaurants because of the food which is served to them and the services offered by the organizational representatives during their visits. This helps to understand that the management of the fast food companies can enhance the satisfaction and loyalty of the target customers by focusing on the quality of the food and the service quality. Figure 8 below show the percentage of the respondents which suggests the need for bringing innovation in products and services.

### Innovation in the products and services buy fast food companies



**Figure# 8: Innovation in the Products & Services by the Fast Food Companies**

The last question of this survey is focused on identifying that whether it is important for the fast food companies operating in the UK needs to bring innovation in their products and services or not? Research shows that in the present world, the market trends, customer needs and requirement are changing on a very rapid basis and the organizations are also required to change their business related strategies (Kim, Han and Lee, 2001). The business organizations which are successful in modifying their products according to the customer requirements are more likely to be successful in the era of intense competition (Cater and Cater, 2009). This is one of the reasons that the companies nowadays are more interested in identifying the requirements of their target customers so that they can ensure that the

organizational products are developed exactly according the client needs and requirements (Johns and Howard, 1998). The leadership of the modern organizations nowadays is proactive in introducing new products and modifying the existing products and services in order to ensure that organizational offerings are satisfying the demands of the customers (Lewis and Shoemaker, 1997). The introduction of innovative services and products is also a good option which is considered by many organizations in the present world (Yang, Peterson and Cai, 2003). However, it would be interested to identify whether it is important for the fast food companies to incorporate innovation in their product development process or not (Zeithaml and Bitner, 2003).

While replying to this question, 73% of the customers informed the researcher that they are very likely to consider that the fast food companies operating in the UK needs to bring innovation in their products and services which is essential to increase the satisfaction of the customers. 18% of the customers replied that that they are neither likely nor unlikely to consider that fast food companies operating in the UK needs to bring innovation in their products and services and 9% of the customers replied that they are very unlikely to consider that fast food companies operating in the UK needs to bring innovation in their products and services. The products are developed and service standards are established by the fast food companies in order to provide better services to the customers, therefore, it is important to identify the points of views of the

customers in this regard. The analysis of this question shows that there are significant percentage of the customers who have a perception that fast food companies also need to introduce innovative products and services. The innovation in the products can be ensured by experimenting with the product recipes and service innovation can be implemented by introducing new concepts of serving the customers. The innovative services could be very helpful in attracting the attention of the new customers. This will not only enhance the client satisfaction but it will also improve the market image of the organization.

#### **4.3 OUTCOMES OF RESEARCH STUDY**

In this section of the chapter, the final outcomes of the research study have been presented. The final outcomes of the research are based on the first hand information which was collected through the survey by the researcher. The research outcome show that majority of the people living within the UK are visiting the outlets of the fast food restaurants on frequent basis. The frequent visits of the customers to the fast food outlets in the UK shows the increasing popularity of the fast food products among the British customers or the expatriates living within the UK. This demands the fast food companies to formulate and implement effective strategies in order to persuade more number of customers which results in improved profitability of these companies. The

study outcomes reflect that quality of the products and services offered by the fast food companies helps a great deal in order to attract the customers and it is first priority of every restaurant based organization in the UK to offer high quality products and services to their visitors. The quality of the food related items and the service quality are the critical factors for the fast food companies because without ensuring the service quality, the organizations cannot ensure their business survival.

The research findings show that if the customers are satisfied with the existing brands of fast food companies then they are very less likely to consider the options given by the other organizations. The satisfied customers are more likely to remain loyal with the brands which help to understand that customer satisfaction creates a broad impact on the loyalty of the customers. The main findings of the study show that brand loyalty generates significant benefits for the firms operating in the era of the increasing competition. Therefore, it is the first preference of the organizations in the modern world to enhance the loyalty level of their customers. This is more crucial in case for the fast food organizations operating in the restaurant industry of the UK where there is intense competition and every organization is implementing best possible strategies to increase their client's base. The findings of the research also show that business strategies of the organizations have a great role in ensuring the loyalty of the customers which increases the importance of implementing

effective business related strategies. The research outcomes reflect that the significant impact of customer satisfaction on the brand loyalty and business profitability is encouraging the restaurant based organizations to introduce and implement innovative systems and procedures which will enable them to offer innovative services to the clients in the long.

The study outcomes show that the customers prefers to loyal with a particular brand if the organization is successful in ensuring their satisfaction level. This also helps to understand that the customers can switch the brand immediately if they are not satisfied with the quality of the products and services offered by the organization. The research outcomes show that there are numerous factors which can be helpful in ensuring the client satisfaction and loyalty with the organization. These factors vary from an industry to industry. The food quality, customer services and ambiance of the restaurant are some of the factors which can affect the satisfaction and loyalty of the customers. The business organizations which are successful in modifying their products according to the customer requirements are more likely to be successful in the modern business era. This is one of the reasons that the companies nowadays are more interested in identifying the requirements of their target customers so that the products offered by the organization should results in satisfaction of their target customers. Therefore, it is essential for the organizations to offer



innovative products and services to the customers because it guarantees business success in the modern world.

#### **4.4 SUMMARY & CONCLUSION**

This chapter of the research study discusses the research findings which are generated through the analysis of the questionnaire survey. The survey was arranged by the researcher with the walk-in customers of the fast-food restaurants in order to identify the relationship between customer satisfaction and customer loyalty. The respondents have provided full cooperation to the researcher and have answered all the questions of the survey which has helped the investigator to collect the first hand information. The final outcomes of the research study are also presented in this chapter. The research outcome show that majority of the people living within the UK are visiting the outlets of the fast food restaurants on frequent basis. The business strategies of the organizations have a great role in ensuring the loyalty of the customers which increases the importance of implementing effective business and customer centric strategies. The discussions regarding the study findings reflect that high food quality, excellent customer services and ambiance of the restaurant are some of the factors which can affect the satisfaction and loyalty of the customers.

## CHAPTER FIVE: FINAL CONCLUSION & RECOMMENDATIONS

### 5.1 FINAL CONCLUSION

In this section of the fifth chapter of the dissertation, the final conclusion has been presented. The researcher has summarized the entire dissertation and has concluded the research. On the basis of the above discussions, it can be concluded that customer satisfaction and brand loyalty are both very important aspects of the business and they are also interlinked with each other. These two factors are equally important for all types of businesses and it is essential for the organizations to formulate and implement those strategies which will be helpful for them in enhancing the satisfaction of their client and ensuring their brand loyalty regardless of the type of the industry in which they are operating. The discussions made in the above chapters of the dissertation reflects that if the fast food outlets are successful in making the clients loyal with the restaurants and ensuring their satisfaction then they can enjoy long term benefits through this strategy. This is one of the reasons that management of the restaurants nowadays is giving special importance to all those factors which can affect the satisfaction and brand loyalty of the customers. The satisfied and loyal customers are ready to pay more against the organizational products and services which impacts the overall profitability of the company in a positive manner. The customer satisfaction in the fast food industry is linked with the product attributes and service attributes and it can affect the brand loyalty in a significant manner. If the management of the fast food restaurant is successful

in serving high quality food items to the customers and service quality is up to the mark then the customers are more likely to have high level of satisfaction.

If the main questions of this research are considered then it is stated that the researcher has answered all the research questions through the discussions which are made in the literature review and data findings chapters of the dissertation. The first research question that what is the relationship between customer satisfaction and brand loyalty has been achieved and the literature review analysis in this dissertation reflects that there is direct relation between client satisfaction and their loyalty with the brand. The data analysis chapter shows that satisfied clients are more likely to remain loyal with the brand for a longer period of time. The second research question that why it is essential for the organizations operating in the fast food industry to ensure the satisfaction and loyalty of their target customers also has been answered and the discussions made in the above chapters shows that satisfied customers are more tolerant of price increases and they don't consider the products which are sold by the other companies or the competitors of the organization. The loyal customers spread effective word of mouth about the organization in a positive tone which is helpful in persuading the potential customers. This shows the increasing importance of client satisfaction and brand loyalty in the restaurant industry. The last research question that how customer satisfaction enables the fast food organizations to achieve brand loyalty of the customers in the long

run also has been answered and the research findings show that when the customers are getting high quality products and services during their every visit then it increases their satisfaction and they become loyal with the brand.

The researcher has also achieved all the objectives of this study by presenting the main findings of the research. The first research objective of identifying the critical factors of customer loyalty in the fast-food industry has been achieved and the researcher has achieved and thoroughly discussed the factors which can create an impact on the loyalty of the customers. These factors include image of the brand, value offered by the organization to the customers, quality of the products served in the restaurant, consistency and reliability of the services and attitude and behaviors of the customer service representatives which are providing services to the customers. The second study objective of evaluating that why customer satisfaction and brand image are important factors for the fast-food companies and how they can create an impact on the brand loyalty also has been achieved. The discussion made in the literature review chapter reflects that brand image and client satisfaction creates a broad impact on the customer loyalty. The last study objective of assessing that how increased level of client satisfaction will lead to higher brand loyalty has been achieved. The discussion in the research findings chapter shows that when the customers are having higher level of satisfaction then it also enhances their brand loyalty. Therefore, the organizations can make more number of loyal

customers by ensuring the satisfaction of the customers with the product and service offerings.

## 5.2 RECOMMENDATIONS

There are few recommendations which could be helpful for the management of the fast food restaurants to enhance the satisfaction level of their customers and ensure that they remain loyal with the brand. In order to increase the satisfaction of the customers, it is essential for the fast food companies to conduct the market research on regular basis in order to identify the factors that can create an impact on the satisfaction and brand loyalty of the customers. The market research related activities are also helpful in identifying the changing requirements of the customers and this will help the organization to develop those products and establish services which results in higher level of satisfaction of the customers. It is also important to develop effective strategies with an intention to improve the brand image of the organization because brand loyalty is always influenced by the brand image. The improved brand image also provides several other advantages to the organization and one of the most discussed advantages is that it helps the fast food organizations to achieve competitive advantage.

There are three important factors on which the management of the fast food organizations needs to focus and it includes product quality, service quality and the overall ambiance of the restaurant because these are major factors which attract the customers towards any restaurant. However, it is also important for the fast food organizations operating in the modern world to implement innovative strategies and introduce the service processes which can be helpful in differentiating the firm from its competitors. The fast food organizations need to use effective business intelligence systems because they are helpful in providing the important information regarding the competitor's strategies and it also enable the organizations to know their customers in an effective manner. The information regarding the buying behaviors of the customers is very crucial in order to make important business related initiatives. An important consideration is that the organizations need to understand that price is not always the deciding factor that can influence the customers to purchase specific products and services. There are several other factors which can affect the purchase intentions of the target customers. Therefore, all these factors need to be carefully analyzed before implementing the business related strategies.

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## **APPENDIX**

The primary data has been collected through the questionnaire survey method. The researcher has conducted the survey with different customers of five fast-food restaurants in order to identify the relationship between customer satisfaction and customer loyalty. The fast food restaurants which are selected by the researcher in order to collect the information from the participants include Pizza Hut, KFC, Mc Donald's, Burger King and Dominos. The researcher has distributed the questionnaires to the customers who were visiting the fast food restaurants for din-in and take away purposes. The sample size of 100 customers were selected in order to get the questionnaires filled

## **SURVEY QUESTIONNAIRE**

1 – What is your gender?

☐ 2 – Female

☐ 1 – Male

2– How often you visit a fast food restaurant?

- ☐ 5 –Once in a month
- ☐ 4 – Twice in a month
- ☐ 3 – Once in a week
- ☐ 2 – Twice in a Week
- ☐ 1 – Daily

3– How likely do you consider that fast food restaurants in the UK are serving high quality products and services to the customers?

- ☐ 5 – Very Likely
- ☐ 4 – Somewhat Likely
- ☐ 3 – Neither Likely Nor Unlikely
- ☐ 2 – Somewhat Unlikely
- ☐ 1 – Very Unlikely

4– What is your satisfaction level with the existing fast food brands operating in the UK?

- ☐ 5 – Very Satisfied
- ☐ 4 – Somewhat Satisfied
- ☐ 3 – Neither Satisfied Nor Dissatisfied

☐ 2 – Somewhat Dissatisfied

☐ 1 – Very Dissatisfied

5– How likely do you consider that business related strategies formulated and implemented by the fast food companies in the UK are helpful in making the customers loyal with the brand?

☐ 5 – Very Likely

☐ 4 – Somewhat Likely

☐ 3 – Neither Likely Nor Unlikely

☐ 2 – Somewhat Unlikely

☐ 1 – Very Unlikely

6- How likely do you consider that satisfied customers of the fast food companies will remain loyal with the brand for a longer period of time?

- ☐ 5 - Very Likely
- ☐ 4 - Somewhat Likely
- ☐ 3 - Neither Likely Nor Unlikely
- ☐ 2 - Somewhat Unlikely
- ☐ 1 - Very Unlikely

7-Which one of below is helpful in ensuring your satisfaction and brand loyalty with the fast food restaurant?

- ☐ 5 - High Quality Food Products
- ☐ 4 - Excellent Customer Services

- ☐ 3 – Good Ambiance
- ☐ 2 – Promotional Schemes
- ☐ 1 – Easy Accessibility

8– How likely do you consider that fast food companies operating in the UK needs to bring innovation in their products and services?

- ☐ 5 – Very Likely
- ☐ 4 – Somewhat Likely
- ☐ 3 – Neither Likely Nor Unlikely
- ☐ 2 – Somewhat Unlikely
- ☐ 1 – Very Unlikely